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E.O. 11652: GDS

TAGS: PFOR

SUBJECT: MORNING SUMMARY OF SIGNIFICANT REPORTS

1. DISQUIET IN TOKYO

JAPANESE OFFICIALS CONTINUE TO EXPRESS CONCERN ABOUT US KOREAN POLICY UNDER THE NEW ADMINISTRATION. ACCORDING TO EMBASSY TOKYO, OFFICIALS HAVE REPEATEDLY:

--STRESSED THE IMPORTANCE OF CONSULTATIONS BEFORE ANY TROOP WITHDRAWAL;

--DESCRIBED THE PRESENCE OF US FORCES IN THE ROK AS AN "ESSENTIAL PREREQUISITE" FOR STABILITY IN NORTH-EAST ASIA; AND

--WARNED THAT ANY US TROOP REDUCTION SHOULD BE CONDITIONED "NOT ONLY BY THE ACHIEVEMENT OF A MILITARY

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BALANCE BUT ALSO BY THE IMPROVEMENT OF THE INTERNA-

TIONAL ENVIRONMENT."

EMBASSY COMMENT: SOME UNEASINESS CAN BE ATTRIBUTED TO THE TRADITIONAL JAPANESE DISTASTE FOR THE UNPREDICTABLE ASPECTS

OF ANY MAJOR CHANGE IN THE STATUS QUO, BUT REPEATED REFERENCE TO THE IMPORTANCE OF CONSULTATIONS BETRAYS A PERSISTING FEAR OF A TURNABOUT SIMILAR TO THE PAST "NIXON SHOCKS." (CONFIDENTIAL) TOKYO 17851, 12/3.)

2. ANDREOTTI COMMENTS ON THE PCI AND THE SOCIALISTS

PREMIER ANDREOTTI (AT HOME TRYING TO CURE A COLD) FLATLY DENIED TO AMBASSADOR VOLPE AND SENATOR BROOKE ON DECEMBER 3 THAT THE PCI HAD ASKED FOR ADDITIONAL POWER IN EXCHANGE FOR CONTINUED COOPERATION WITH THE CURRENT GOVERNMENT. ANDREOTTI SAID HE HOPED TO BRING THE SOCIALISTS INTO THE GOVERNMENT BY NEXT SPRING, TO ELIMINATE THE NEED FOR COMMUNIST SUPPORT. (CONFIDENTIAL) ROME 19779, 12/4.)

3. WARSAW WARY OF WESTERN PROTECTIONISM

ACCORDING TO EMBASSY WARSAW, MANY POLISH ECONOMIC OFFICIALS FEEL THE WEST IS DENYING POLAND THE OPPORTUNITY TO EARN FOREIGN EXCHANGE BY LIMITING IMPORTS OF POLISH MANUFACTURED GOODS. THEIR CONCERN HAS FOCUSED MOST RECENTLY ON THE US TRADE ACT AND COUNTERVAILING DUTY REGULATIONS, WHICH SYMBOLIZE THE VIRTUAL CLOSURE OF THE AMERICAN MARKET TO THEM.

ADVOCATES OF WESTERNIZING THE ECONOMY ARE MOST CONCERNED ABOUT THE US TRADE ACT'S IMPACT, WHILE MORE CONSERVATIVE ELEMENTS SEE IT AS CONFIRMING THEIR ARGUMENT THAT INTEGRATING POLAND WITH THE WORLD ECONOMY IS UNREALISTIC -- EVEN DANGEROUS.

THE EMBASSY HAS TOLD THE MINISTRY OF FOREIGN TRADE THAT THEIR COMMENTS ON PROPOSED REGULATIONS WOULD BE WELCOME, AND THE GOP SEEMS INTERESTED IN SENDING A DELEGATION TO THE US.

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EMBASSY COMMENT: ECONOMIC SETBACKS COULD FORCE POLAND CLOSER TO SOVIET DOMINANCE. REMOVING TRADE IMPEDIMENTS WITH THE US WOULD SERVE OUR POLITICAL GOAL OF DRAWING POLAND TOWARD THE WEST AND COULD BE DONE AT RELATIVELY LITTLE COST, GIVEN LIMITED POLISH EXPORT CAPACITY. EXEMPTING THE POLES FROM COUNTERVAILING DUTIES AND ALLOWING THEIR COST DATA TO BE USED UNDER THE TRADE ACT WOULD BE TAKEN AS A CLEAR SIGN THAT THE US MARKET REMAINS OPEN

TO THEM. (CONFIDENTIAL) WARSAW 8652, 12/4.)

4. INDO-COMMUNIST RELATIONS 1976

EMBASSY NEW DELHI ASSESSES THE MAJOR DEVELOPMENTS IN INDO-COMMUNIST RELATIONS IN 1976 AS:

--THE FIRST EXCHANGE OF AMBASSADORS WITH CHINA SINCE 1962;

--THE FIRST VISIT OF MRS. GANDHI TO THE SOVIET UNION IN FIVE YEARS; AND

--THE SIGNING OF THE NEW LONG-TERM TRADE AND PAYMENTS AGREEMENT WITH THE SOVIET UNION.

THE EMBASSY ALSO NOTES:

--ALTHOUGH COMMUNIST MILITARY ASSISTANCE AND SALES TO INDIA APPEARED TO INCREASE SIGNIFICANTLY DURING 1975, FUTURE SALES FROM EITHER COMMUNIST OR WESTERN COUNTRIES WILL PROBABLY BE DETERMINED BY THE TERMS OF PAYMENT OR EXCHANGE, RATHER THAN THE SPECIFIC QUALITY OF THE EQUIPMENT OFFERED.

--THE SOVIETS ARE CONCERNED OVER INDIAN INTERNAL DEVELOPMENTS, E.G. THE DECLINE OF THE CPI AND FOREIGN POLICY INITIATIVES SEEKING TO BALANCE INDIA MORE EVENLY AMONG THE MAJOR POWERS WHILE IMPROVING ITS CREDENTIALS AS A LEADER OF THE NON-ALIGNED.

--INDIA'S RELATIONS WITH CHINA HAVE BEEN CORRECT. DESPITE A RELATIVELY WARM ATMOSPHERE IN RECENT MONTHS,
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BOTH ARE PROCEEDING CAUTIOUSLY IN SEEKING FURTHER IMPROVEMENTS. THE GOI ANTICIPATES NO SIGNIFICANT SHIFTS IN THE RELATIONSHIP IN THE SHORT TERM.
(SECRET) NEW DELHI A-310, 11/19.)

5. UGANDA: A GERMAN ASSESSMENT

THE FRG FOREIGN OFFICE PROVIDED EMBASSY BONN WITH GERMAN AMBASSADOR ELLERKMANN'S ASSESSMENT OF THE SITUATION IN UGANDA. ACCORDING TO ELLERKMANN:

--THE STABILIZED ECONOMIC SITUATION GREATLY FAVORS AMIN'S EFFORTS TO RECONSOLIDATE HIS POWER AFTER THE ENTEBBE DEBACLE.

--UNDER THE CALM EXTERIOR THERE IS UNREST, NOT ONLY IN THE CITIES BUT AMONG THE RURAL POPULATION, CAUSED NOT BY A LACK OF PROVISIONS BUT BY THE CONSTANT HARASSMENT ON THE PART OF THE ARMY AND THE SECRET POLICE.

--THE POSITION OF THE WESTERN COUNTRIES WAS GREATLY WEAKENED BY THE ENTEBBE COUP, WITH THE SOVIETS STEPPING INTO THE GAP.

--THE SOVIETS ARE NOT INTERESTED IN STRENGTHENING AMIN BUT RATHER ARE BUILDING UP A POSITION TODAY FROM WHICH THEY HOPE TO PROFIT AFTER AMIN'S FALL.

--THE FRG SHOULD REMAIN IN UGANDA SINCE, BECAUSE OF ITS POPULATION, ECONOMIC RESOURCES AND CENTRAL LOCATION, UGANDA WILL SOONER OR LATER AGAIN BECOME A COUNTRY OF POLITICAL IMPORTANCE. (LIMITED OFFICIAL USE) BONN 20478, 12/3.)

6. JAMAICA SQUEAKING BY

CENTRAL BANK GOVERNOR BROWN TOLD AMBASSADOR GERARD THAT JAMAICA HAS ALREADY COMMITTED \$30 MILLION RECENTLY OBTAINED FROM THE IMF AND CANADA AND THE HOPED-FOR \$40 MILLION UNDER IMF STANDBY CREDITS TO REPAYMENT OF SHORT-SECRET

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TERM LOANS. ACCORDING TO BROWN, THE GOJ WILL HAVE TO FIND OTHER FUNDS QUICKLY AND IMPOSE STIFF IMPORT CONTROLS TO AVOID FOOD SHORTAGES AND RESULTANT RIOTING AND UNREST.

EMBASSY COMMENT: BY CONFIDENTIAL ESTIMATE, THE GOJ'S NET FOREIGN EXCHANGE BALANCE CURRENTLY RESTS AT MINUS \$104 MILLION, REPRESENTING A DRASTIC DETERIORATION IN AN ALREADY SERIOUS SITUATION. THE GOJ CANNOT SURFACE A FINANCIAL PACKAGE UNTIL AFTER ELECTIONS ON DECEMBER 15, AND STANDBY CREDITS WILL PROBABLY NOT BE READY BEFORE JANUARY. UNTIL THEN, FINANCIAL MANAGERS WILL BE LEFT WRINGING THEIR HANDS. (CONFIDENTIAL) KINGSTON 5270, 12/3.) KISSINGER

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